INCOMING TELEGRAM · *Department of State*

CONFIDENTIAL SECURITY INFORMATION

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Control: VR-1348
Rec'd: June 26, 1953
9:35 a.m.

FROM: Tokyo

TO: Secretary of State

NO: 4033, June 26, 8 p.m.

DEPARTMENT OF STATE A/CDC/MR
DDC ☐ NSC ☐ E.O. DATE
REASON (3)
E.O. SOURCE EXISTING MARKINGS ☐
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3/19/82

SENT DEPARTMENT 4033, POUCHED BANGKOK, COLOMBO, DJAKARTA, KABUL, KARACHI, LONDON, NEW DELHI, MANILA, MOSCOW, PUSAN, RANGOON, SAIGON, TAIPEI, HONG KONG, SINGAPORE.

JOINT WEEKA NO. 26 FROM SANA (SECTION II).

ECONOMIC

CONFIDENTIAL:

United States-Japan FCN treaty being considered in Diet committee and under increasingly severe attack by opposition members who allege treaty unequal because confirms special rights accorded Americans during occupation period. Allegation untrue but indicative opposition tactics, which expected include sharp criticism of treaty signature by "lame duck" Cabinet after Yoshida's dissolution previous Diet. During interpellations Diet June 26 Foreign Minister Okazaki on defensive concerning treaty provision recognizing right three United States banks continue loan and depository operations Japan, which denied Japanese branches by certain states. Comment: Foreign Office remains optimistic concerning ratification treaty without undue trouble from opposition parties. Officials concerned however over report from Japanese Embassy, Washington that Senate may ratify subject to reservation on right exercise legal profession which granted on national treatment basis under treaty. They are fearful that opposition members Diet may attach undue importance possible Senate reservation and themselves demand addition numerous provisions designed protect Japanese industries at expense United States banks, other interests, which granted rights by treaty.

CONFIDENTIAL:

Proposed barter deal with Soviet Union on coking coal from Sakhalin Island in return for new fishing vessels, tugboats, ship repairs, which Cabinet approved in principle, still awaiting arrival actual specifications for final approval. Specifications for fishing vessels reportedly being carried by Soviet ship arriving next few days to undergo desired repairs.

Some

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Some government agencies urging foreign exchange allocation for imports coal from dollar area, principally United States, be reduced if Sakhalin coal forthcoming. Comment: Sakhalin coal being quoted at $14 ton CIF under barter deal, compared with $15 for United States coal. However, steel firms and other users estimate caloric content Sakhalin coal about one-third less than United States product, hence considerably more expensive. Steel companies reluctant consent reduce imports from United States and considering cancellation their contracts with Japanese importers under barter deal or sharply reducing amounts Sakhalin coal they will accept. Believe that compromise reducing allocations for United States coal at ratio of 66 percent on quantity Sakhalin imported may prove acceptable to steel industry. Possible therefore that budget for United States coal may be reduced $2.7 million to compensate for anticipated 300,000 tons Sakhalin coal, although some experts believe Soviet Union may be unable supply more than 200,000 tons.

UNCLASSIFIED:

Japan-Thailand trade negotiations scheduled Tokyo mid-July for conclusion new trade agreement effective September 1. Thailand reportedly agreeable retain present dollar-expressed open-account system and desirous increasing trade volume to $70,000,000 yearly each way, up $20,000,000 from current trade-plan level. Comment: Anticipated that Japanese will accept higher trade-plan values since considerable expansion exports to Thailand considered likely near future in view Thai requirements and cordial relations. Higher trade level would presumably permit Japan import 350,000 tons Thai rice coming year, compared with 200,000 tons current plan which Japan supplemented by additional dollar cash purchase 150,000 tons.

ALLISON

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